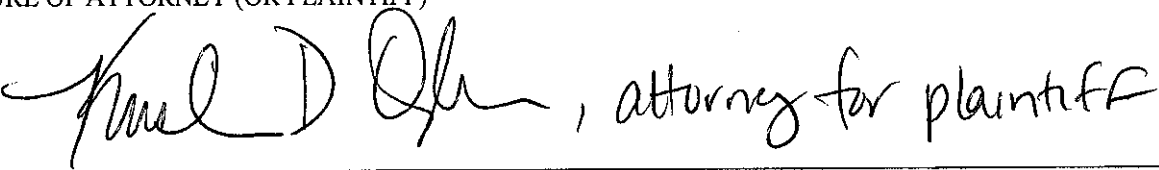


B104 (FORM 104) (08/07)

<b>ADVERSARY PROCEEDING COVER SHEET</b> (Instructions on Reverse)		<b>ADVERSARY PROCEEDING NUMBER</b> (Court Use Only)		
<b>PLAINTIFFS</b> Deidre W. Francis, Trustee of the Winnie Welborn Trust	<b>DEFENDANTS</b> Vincent D. Shelton			
<b>ATTORNEYS (Firm Name, Address, and Telephone No.)</b> Horack Talley Pharr & Lowndes, attn: Kristin D. Ogburn 301 South College St., Suite 2600 Charlotte, NC 28202 (704) 377-2500	<b>ATTORNEYS (If Known)</b> Pro Se			
<b>PARTY (Check One Box Only)</b> <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input checked="" type="checkbox"/> Creditor <input type="checkbox"/> Other <input type="checkbox"/> Trustee	<b>PARTY (Check One Box Only)</b> <input checked="" type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input type="checkbox"/> Other <input type="checkbox"/> Trustee			
<b>CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED)</b>  523 (a)(2), 523 (a)(4)				
<b>NATURE OF SUIT</b> (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)				
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top; border: none;"> <b>FRBP 7001(1) – Recovery of Money/Property</b>  <input type="checkbox"/> 11-Recovery of money/property - §542 turnover of property  <input type="checkbox"/> 12-Recovery of money/property - §547 preference  <input type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer  <input type="checkbox"/> 14-Recovery of money/property - other    <b>FRBP 7001(2) – Validity, Priority or Extent of Lien</b>  <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property    <b>FRBP 7001(3) – Approval of Sale of Property</b>  <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h)    <b>FRBP 7001(4) – Objection/Revocation of Discharge</b>  <input type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d),(e)    <b>FRBP 7001(5) – Revocation of Confirmation</b>  <input type="checkbox"/> 51-Revocation of confirmation    <b>FRBP 7001(6) – Dischargeability</b>  <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims  <input type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud  <input type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny    <div style="text-align: center;">(continued next column)</div> </td> <td style="width: 50%; vertical-align: top; border: none;"> <b>FRBP 7001(6) – Dischargeability (continued)</b>  <input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support  <input type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury  <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan  <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support)  <input checked="" type="checkbox"/> 65-Dischargeability - other    <b>FRBP 7001(7) – Injunctive Relief</b>  <input type="checkbox"/> 71-Injunctive relief – imposition of stay  <input type="checkbox"/> 72-Injunctive relief – other    <b>FRBP 7001(8) Subordination of Claim or Interest</b>  <input type="checkbox"/> 81-Subordination of claim or interest    <b>FRBP 7001(9) Declaratory Judgment</b>  <input type="checkbox"/> 91-Declaratory judgment    <b>FRBP 7001(10) Determination of Removed Action</b>  <input type="checkbox"/> 01-Determination of removed claim or cause    <b>Other</b>  <input type="checkbox"/> SS-SIPA Case – 15 U.S.C. §§78aaa <i>et seq.</i>  <input type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)           </td> </tr> </table>			<b>FRBP 7001(1) – Recovery of Money/Property</b> <input type="checkbox"/> 11-Recovery of money/property - §542 turnover of property <input type="checkbox"/> 12-Recovery of money/property - §547 preference <input type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer <input type="checkbox"/> 14-Recovery of money/property - other  <b>FRBP 7001(2) – Validity, Priority or Extent of Lien</b> <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property  <b>FRBP 7001(3) – Approval of Sale of Property</b> <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h)  <b>FRBP 7001(4) – Objection/Revocation of Discharge</b> <input type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d),(e)  <b>FRBP 7001(5) – Revocation of Confirmation</b> <input type="checkbox"/> 51-Revocation of confirmation  <b>FRBP 7001(6) – Dischargeability</b> <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims <input type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud <input type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny  <div style="text-align: center;">(continued next column)</div>	<b>FRBP 7001(6) – Dischargeability (continued)</b> <input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support <input type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support) <input checked="" type="checkbox"/> 65-Dischargeability - other  <b>FRBP 7001(7) – Injunctive Relief</b> <input type="checkbox"/> 71-Injunctive relief – imposition of stay <input type="checkbox"/> 72-Injunctive relief – other  <b>FRBP 7001(8) Subordination of Claim or Interest</b> <input type="checkbox"/> 81-Subordination of claim or interest  <b>FRBP 7001(9) Declaratory Judgment</b> <input type="checkbox"/> 91-Declaratory judgment  <b>FRBP 7001(10) Determination of Removed Action</b> <input type="checkbox"/> 01-Determination of removed claim or cause  <b>Other</b> <input type="checkbox"/> SS-SIPA Case – 15 U.S.C. §§78aaa <i>et seq.</i> <input type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)
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<input type="checkbox"/> Check if this case involves a substantive issue of state law	<input type="checkbox"/> Check if this is asserted to be a class action under FRCP 23			
<input type="checkbox"/> Check if a jury trial is demanded in complaint	Demand \$			
Other Relief Sought				

B104 (FORM 104) (08/07), Page 2

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR Vincent D. Shelton		BANKRUPTCY CASE NO. 14-31975
DISTRICT IN WHICH CASE IS PENDING Western	DIVISION OFFICE Charlotte	NAME OF JUDGE Whitley
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF)  , attorney for plaintiff		
DATE 2/27/2015	PRINT NAME OF ATTORNEY (OR PLAINTIFF) Pro Se	

### INSTRUCTIONS

The filing of a bankruptcy case creates an "estate" under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor's discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also must complete and file Form 104, the Adversary Proceeding Cover Sheet. CM/ECF captures the information on Form 104 as part of the filing process.) When completed, the cover sheet summarizes bas information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

**Plaintiffs and Defendants.** Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

**Attorneys.** Give the names and addresses of the attorneys, if known.

**Party.** Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

**Demand.** Enter the dollar amount being demanded in the complaint.

**Signature.** This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.

**UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF NORTH CAROLINA  
CHARLOTTE DIVISION**

**In Re:** Vincent D. Shelton Case No. 14-31975  
Chapter 7 Debtor

Deidre W. Francis, Trustee of the Winnie Welborn Trust,  vs. Vincent D. Shelton,	Adv. No.  <b>COMPLAINT TO DETERMINE NONDISCHARGEABILITY OF DEBT, and/or FOR IMPOSITION OF CONSTRUCTIVE TRUST</b>
Plaintiff  Defendant	

Deirdre W. Francis, Trustee of the Winnie Welborn Trust ("Ms. Francis" or "Plaintiff") files this Complaint Objecting to Dischargeability of Debt, and/or For Imposition of Constructive Trust against Debtor Vincent Shelton ("Debtor" or "Mr. Shelton") pursuant to 11 U.S.C. §§ 523(a)(2), 523(a) (4), and further pursuant to 11 U.S.C. § 105 and applicable law, as follows:

**Parties, Jurisdiction and Venue**

1. Ms. Francis is an adult resident citizen of the State of South Carolina, residing in Anderson, South Carolina.
2. Mr. Shelton is a Chapter 7 Debtor in this cause, having filed a petition for relief under chapter 7 of the Bankruptcy Code on November 24, 2014, at which time the Order for Relief was entered, and A. Burton Shuford was appointed as the Bankruptcy Trustee. Mr. Shelton may be served with process pursuant to FRBP 7004(b)(9) and (g).
3. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § § 157, 11 U.S.C. §§ 523, 1301, and other applicable portions of Title 11, U.S. Code.
4. This is a core proceeding.
5. Venue is proper in this District and Division, in that the Debtor is currently the Chapter 7 Debtor in the underlying case filed in this Court.

## Facts

6. On or about September 19, 2012, Debtor executed a "Contract for Sale of Cash Flow" ("the Sale Contract" or "Contract for Sale"), in favor of Plaintiff, whereby Debtor agreed to sell, and the Trust agreed to purchase, a series of future payments derived from a military retirement annuity serviced by the Defense Finance and Accounting Service ("DFAS"), after they are received by Debtor. See, "Contract for Sale of Payments" attached hereto as Exhibit "1," and incorporated herein by reference.

7. Under the terms of the Sale Contract, Debtor was the seller, and Plaintiff was the buyer. Ms. Francis, as Trustee on behalf of the Trust, executed the Contract for Sale of Payments with Debtor in good faith, on September 19, 2012, at which time a valid contract was formed.

8. Specifically, Debtor sold the rights to a future payment stream of 72 monthly payments of \$1,000.00, totaling \$72,000.00, after they are distributed to the seller, beginning with the payment due him on October 15, 2012, and ending with the payment due on September 15, 2018. Debtor's total payment, including commissions paid on his behalf, totaled \$57,480.36. See, Exhibit "1," and see also, "Purchase Application," attached hereto as Exhibit "2". Of this total, \$46,307.47 was paid to the Debtor or his agents and intermediaries for his benefit, with the Debtor actually receiving a lump sum payment of \$32,474.64 at the closing of the transaction, with another \$1,000.00 being attributed to funds advanced for October 2012, and the remainder allocated to costs and expenses borne by the Debtor.

9. Although this sale transaction was entered into and completed with the assistance of one or more brokers and/or other intermediaries who received compensation for their services, Plaintiff was the actual purchaser of the payment stream, and is the party to the Sale

Contract, as the buyer. Therefore, Plaintiff is the real-party-in-interest for purposes of prosecuting this action, pursuant to FRBP 7017 and FRCP 17.

10. Under the terms of the Sale Contract, Debtor sold and transferred his right, title and interest to the future payment stream described in the Sale Contract, after the distribution of the payments to him, while retaining ownership of each payment made to him by the DFAS, before systematically forwarding each payment to Plaintiff through an escrow and servicing agent established under the terms of the Sale Contract and related documents.

11. In conjunction with the Sale Contract, Debtor executed a Security Agreement in favor of Plaintiff, granting a continuing security interest in, lien upon, and right of set-off against, all of Debtor's right, title, and interest in and to the payment stream of \$72,000.00. See, "Security Agreement," attached hereto as Exhibit "3" and incorporated herein by reference.

12. Under the terms of the Security Agreement, Debtor represented and covenanted that he would not assign, sell, lease, transfer, or otherwise dispose of or abandon the payment stream and all proceeds contained in the payment stream. See, Exhibit "3," ¶ 3(c).

13. Following Debtor's execution of the Sale Contract and Security Agreement, Plaintiff received ten (10) payments totaling \$10,000.00 from the payment stream securing the obligations under the Sale Contract and Security Agreement.

14. Plaintiff received its last payment of \$1,000.00 in September 2013.

15. Debtor filed his Chapter 7 Petition in this Court on November 24, 2014.

16. For the fourteen (14) months prior to and/or in conjunction with his bankruptcy filing, Debtor caused his DFAS pension payments to be redirected from the escrow and servicing company identified in the Sale Contract. No further payments were received by the escrow and servicing company, resulting in no further payments being made to the Plaintiff beginning with the payment due in September 2013.

17. Debtor has not refunded or repaid Plaintiff any portion of the \$32,474.64 that he directly received from Plaintiff, or the \$25,005.72 in commissions and costs paid to facilitate this transaction for Debtor.

18. Debtor has classified the debt owed to Plaintiff as a Secured Creditor, but claims the entire debt is unsecured and owed as a "Loan Pension VA" in the amount of \$61,000.00.

[Dkt. #1 in core case, Schedule D, p. 12].

19. Debtor's redirection of the payments from the escrow and servicing company was an intentional act undertaken by him.

20. Debtor's redirection of the DFAS payment stream from the escrow and servicing company constitutes a violation of the Sale Contract and the Security Agreement.

21. Plaintiff's lien on and rights to the property, i.e., the payment stream, identified in the Sale Contract and Security Agreement have been violated and harmed, without prior to notice to him, in violation of his rights to continue receiving the payment stream, as part of the bargained-for exchange whereby it paid the Debtor and his representatives \$57,480.36 up front, with the expectation of receiving a total of \$72,000.00 over the course of six (6) years.

22. Plaintiff entered into the transaction with the Debtor based on the Debtor's express written representations and based on Plaintiff's desire to receive a stable and reliable income stream for a period of six (6) years.

23. This loss of income, combined with the loss of the money initially paid by Plaintiff to the Debtor, has caused Plaintiff damages. Under the terms of the Sale Contract, the Debtor expressly and specifically agreed that his failure to abide by the terms of the contract would cause consequential damages to Plaintiff. The Debtor therefore agreed that as part of the good faith inducement by him to get Plaintiff to enter into the Sale Contract, that in the event the

Debtor misdirected the payment stream, Plaintiff would be entitled to liquidated damages totaling twice the amount of the remaining payments due to him.

**COUNT I:**  
**Plaintiff is Entitled to a Non-Dischargeable**  
**Judgment Pursuant to 11 U.S.C. 4 523(a)(2)**

24. Plaintiff adopts and incorporates all previous paragraphs as if fully restated herein.

25. Debtor signed the Sale Contract on September 19, 2012. Approximately ten (10) months into the seventy-two (72) month obligation established in the Sale Contract, the Debtor filed Chapter 7.

26. By his conduct in entering into the Sale Contract and Security Agreement, and by accepting the \$57,480.36 paid by Plaintiff to him or for his benefit, the Debtor expressly and/or impliedly represented to Plaintiff that he would in good faith honor the letter and intent of the transaction by refraining from actions that violated Plaintiff's contractual rights and lien rights in and to the portion of the future payment stream of annuity payments.

27. Debtor's pattern of accepting the funds tendered by Plaintiff in good faith, and agreeing to allow him to receive the benefit of the six (6) year payment stream, and thereafter reversing course and redirecting the payments to himself, constitutes false pretenses under 11 U.S.C. § 523(a)(2)(A).

28. Consequently, Plaintiff is entitled to a non-dischargeable judgment against the Debtor pursuant to 11 U.S.C. § 523(a)(2)(A) in accordance with the following formula:

- a. \$72,000.00 he in good faith contracted for and expected to receive,
- b. minus the \$10,000.00 he actually received,
- c. for a total balance of \$62,000.00
- d. multiplied by two as a form of liquidated damages, as agreed to by the

Debtor under the terms of the Sale Contract as Plaintiff's actual, realized damages, for a total non-dischargeable judgment of \$124,000.00, plus attorneys' fees and costs.

**COUNT II:**  
**Plaintiff is Entitled to a Non-Dischargeable Judgment Pursuant to**  
**11 U.S.C. 4 523(a)(4)**

29. Plaintiff adopts and incorporates all previous paragraphs as if fully restated herein.
30. The Debtor knowingly entered into the Sale Contract, and knowingly executed all other documents associated with the transaction at issue.
31. The Debtor knowingly and intentionally accepted the benefits of the transaction, in the amount of \$57,480.36.
32. The Debtor knowingly and intentionally caused the payment stream of \$1,000.00 per month to be re-directed from the escrow and servicing agent, knowing that redirecting the payments would result in a loss to Plaintiff.
33. Aside from the ten (10) payments totaling \$10,000.00 paid by him prior to the redirection of the pension, at no time has the Debtor refunded or offered to refund any of the purchase price of \$57,480.36.
34. The Debtor has stated in his schedules that the amount owed by him is not subject to any form of setoff, despite the fact that he personally pocketed the \$32,474.64 received from Plaintiff at the outset of the transaction, in addition to fees and costs paid on his behalf in connection with the transaction.
35. Taken together, this pattern of knowing and intentional behavior constitutes sharp practice rising to the level of fraud on the part of the Debtor, pursuant to 11 U.S.C. § 523(a)(4).



36. Alternatively and in addition, the Debtor's willful redirection and retention of the funds subject to the security interest held by Plaintiff constitutes embezzlement pursuant to 11 U.S.C. § 523(a)(4).

37. Consequently, Plaintiff is entitled to a non-dischargeable judgment against the Debtor pursuant to 11 U.S.C. § 523(a)(4) in the amount of

- a. \$124,000.00, plus attorneys' fees and costs under the terms of the Contract for Sale of Payments as the actual and identifiable liquidated damages suffered by Plaintiff, or
- b. alternatively, in the amount of \$57,480.36, as the amount and/or benefit actually received and taken from Plaintiff in the transaction,
- c. plus all attorneys' fees and costs incurred by Plaintiff

**COUNT III:**

**Plaintiff is Entitled to Imposition of a  
Constructive Trust As to the Funds Advanced by Him,  
Plus Additional Costs, Pursuant to 11 U.S.C. 4 105**

38. Plaintiff adopts and incorporates all previous paragraphs as if fully restated herein.

39. Plaintiff paid \$57,480.36 directly to the Debtor or for his benefit (via paid brokers and intermediaries) in conjunction with the Sale Contract and Security Agreement, with the Debtor actually receiving \$32,474.64 at the closing of the transaction, with another \$1,000.00 being attributed to funds advanced for October 2012, and the remainder allocated to costs and expenses borne by the Debtor.

40. In exchange for those payments, Plaintiff expected to receive a total of \$72,000.00 over a period of six (6) years.

41. The Debtor's decision to accept the \$57,480.36 paid by Plaintiff to the Debtor or his representatives or otherwise for his benefit, pursuant to the Contract for Sale, was willfully and intentionally undertaken by him.

42. The Debtor's decision to redirect the annuity payments away from the escrow and servicing agent, and thereby halt the monthly payments flowing to Plaintiff, was willfully and intentionally undertaken by him.

43. Plaintiff received only \$10,000.00 before the Debtor redirected the payments.

44. The Debtor's redirection of the pension payments without notice to Plaintiff has deprived Plaintiff of property on which it held a lien, without the requisite notice and hearing otherwise required by law to deprive a person of an interest in property.

45. The Debtor's redirection of the annuity payments without notice to Plaintiff has caused financial harm and injury to Plaintiff.

46. At a minimum, and without waiving any other claims as to non-dischargeability and/or the discharge of the Debtor and/or any claims to be asserted in a proof of claim to be filed in the core case, Plaintiff is entitled to imposition of a constructive trust of no less than \$32,474.64 based on the funds actually received by the Debtor, notwithstanding the other fees and commissions paid on Debtor's behalf.

47. In addition, the scope of the constructive trust imposed pursuant to Plaintiff's request should be defined to include the amounts paid in commissions and fees associated with the transaction between Plaintiff and the Debtor, in an amount to be proven at trial, plus attorneys' fees and costs.

48. The Court should enter a non-dischargeable judgment against the Debtor for the amount ultimately determined to be subject to the constructive trust, plus attorneys' fees and expenses, pursuant to 11 U.S.C. § 105 and the court's general equitable powers.

49. Alternatively, and pursuant to 11 U.S.C. § 105 and the court's general equitable powers, the Court should fashion an alternative form of relief to grant Plaintiff a replacement - lien on future DFAS annuity payments, or on such other unencumbered, non-exempt

property as may be held by the Debtor, in an amount no less than \$32,474.64 plus the amounts paid in commissions and fees associated with the transaction between Plaintiff and the Debtor, in an amount to be proven at trial, plus attorneys' fees and costs.

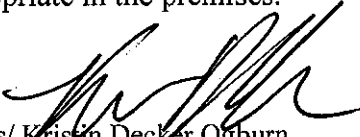
**WHEREFORE**, PREMISES CONSIDERED, Plaintiff respectfully requests that the Court enter the following relief:

- a. Pursuant to Count I of the Complaint, a non-dischargeable judgment against Debtor Vincent E. Shelton in the amount of \$124,000.00, plus attorneys' fees, court costs and other costs, plus interest, pursuant to 11 U.S.C. § 523(a)(2)(A) and/or
- b. Pursuant to Count II of the Complaint, a non-dischargeable judgment against Debtor Vincent E. Shelton in the amount of \$124,000.00, plus attorneys' fees, court costs and other costs, plus interest, pursuant to 11 U.S.C. § 523(a)(4) and/or,
- c. Pursuant to Count III of the Complaint, imposition of a constructive trust over the funds paid by Plaintiff to the Debtor pursuant to the Sale Contract and the transaction entered into by them, and/or future DFAS annuity payments, or on such other unencumbered and non-exempt property as may be held by the Debtor, via entry of a non-dischargeable judgment imposing a constructive trust in favor of Plaintiff, in amount no less than \$32,474.64, plus the amounts paid in commissions and fees associated with the transaction between Plaintiff and the Debtor, in an amount to be proven at trial, plus attorneys' fees and costs.
- d. Alternatively, and pursuant to Count III and 11 U.S.C. § 105 and the Court's general equitable powers, Plaintiff requests that the Court grant it a replacement lien on future DFAS annuity payments to be received by the Debtor, or on such other unencumbered property as may be held by the Debtor, in an amount no less than \$32,474.64, plus the amounts paid in

commissions and fees associated with the transaction between Plaintiff and the Debtor, in an amount to be proven at trial, plus attorneys' fees and costs.

e. Plaintiff requests all other relief appropriate in the premises.

This the 27th day of February, 2015.

  
s/ Kristin Decker Ogburn  
Kristin Decker Ogburn  
Attorney for Plaintiff  
North Carolina State Bar No. 20506

Of Counsel:  
Horack, Talley, Pharr & Lowndes  
2600 One Wachovia Center  
301 S. College St.  
Charlotte, NC 28202-6038  
Telephone (704) 377-2500

## CONTRACT FOR SALE OF PAYMENTS

This Contract for Sale of Payments ("Contract for Sale") is made effective on the date of signing, by and between Vincent D. Shelton ("Seller") and Winnie N. Welborn Trust, Deidre W. Francis TTEE ("Buyer").

### RECITALS

WHEREAS, Seller desires to sell certain fixed payments arising from a certain structured asset that have been distributed to and received by Seller (the "Payments") as described in this Contract for Sale; and,

WHEREAS, Buyer desires to purchase the Payments in accordance with the terms and conditions contained herein.

NOW THEREFORE, in consideration of the mutual covenants and benefits herein contained, the receipt and sufficiency is hereby acknowledged, Seller and Buyer agree as follows:

1. Seller agrees to sell and Buyer agrees to purchase the Payments in accordance with, and subject to the terms and conditions of, this Contract for Sale.

2. In connection with this Contract for Sale, Seller executed a certain Sales Assistance Agreement and Security Agreement, executed by the Seller. Said agreements are incorporated herein by reference and made a part hereof, and all defined terms contained in said Sales Assistance Agreement shall have the same meaning when used herein, unless otherwise defined. Buyer also executed an Offer of sale of Payments and a Disclosure of Risks, which are also incorporated herein by reference and made a part of hereof. All defined terms contained in said Sales Assistance Agreement shall have the same meaning when used herein, unless otherwise defined.

3. The Payments that are the subject of this Contract for Sale, along with the underlying asset (the "Asset"), are more particularly described as follows:

- Asset: DFAS
- Transaction Documents and Parties:
  - Name of Payee/Annuitant: Vincent D. Shelton
  - Underlying Payee Purchase Agreement: ON FILE
  - Annuity Contract/Benefit Letter: ON FILE
  - Annuity Issuer: DFAS
  - Life Insurer (if applicable): Fidelity Life Association
  - Life Insurance Policy (if applicable): XXXXXXXXXXXX
- Description of Payments: 72 monthly payments of \$1,000.00: Start: 10/15/12; End: 09/15/18

EXHIBIT

1

4. The servicer of the Payments for Seller and Buyer shall be the Upstate Law Group, LLC, located in Easley, South Carolina (the "Escrow Company") in accordance with the following:

- o The Payments will be received and serviced on behalf of the Seller by the Escrow Company in connection with the closing of the sale of the Payments (the "Closing"); provided, however, that the Asset shall remain the sole property of Seller and shall remain under the control of Seller.
- o By executing this Contract for sale, Seller and Buyer acknowledge receipt of the respective escrow agreements to be executed by each and confirm their agreement to the terms of same, relative to the servicing of the Payments.

• **Other Miscellaneous Terms:** \_\_\_\_\_

5. For the consideration described in the Sales Assistance Agreement, Seller shall transfer and sell to Buyer at Closing one hundred percent (100%) of Seller's right, title, and interest in and to the Payments; provided however, that the Asset shall remain the sole property of Seller and shall remain under the control of Seller.

6. Seller represents and warrants that, to the best of Seller's knowledge, all statements and information contained within the Sales Assistance Agreement concerning the Payments and the Asset were true as of the date of the Sales Assistance Agreement and have continuously remained true and correct in all respects through the date of this Contract for Sale, and further shall remain true and correct through the Closing.

7. Prior to Closing and continuing through the terms of this Contract for Sale, Seller shall acquire and maintain a valid life insurance policy with a payable on death provision in favor of Buyer in an amount not less than the total amount of the Payments sold pursuant to this Contract for Sale.

8. Beginning at Closing, Seller shall receive the Payments at the designated escrow account created in Seller's name and in effective control of Seller.

9. Seller and Buyer shall grant the Escrow Company a Limited Durable Power of Attorney in connection with Seller's escrow agreement enabling the Escrow Company to manage the escrow account and any Payments therein received for the period of time covered by this agreement, according to Seller's obligation in this Contract for Sale.

**10. ACKNOWLEDGMENT OF RISK. SELLER AND BUYER EXPRESSLY ACKNOWLEDGE AND AGREE TO THE FOLLOWING:**

**10.1 SELLER INTENDS TO ACTUALLY RECEIVE DISBURSEMENT OF EVERY PAYMENT DESCRIBED UNDER THIS CONTRACT FOR SALE, SELLER SHALL RETAIN AT ALL TIMES COMPLETE CONTROL OVER THE PAYMENTS AND THE UNDERLYING ASSET DESCRIBED HEREIN, AND SELLER INTENDS TO SALE EVERY PAYMENT DESCRIBED HEREIN TO BUYER AFTER ACTUAL RECEIPT OF DISBURSEMENT.**

**10.2. BOTH PARTIES INTEND THAT THE TRANSACTION(S)**

CONTEMPLATED BY THIS CONTRACT FOR SALE SHALL CONSTITUTE VALID SALE(S) OF PAYMENTS AND SHALL NOT CONSTITUTE IMPERMISSIBLE ASSIGNMENT(S), TRANSFER(S), OR ALIENATION OF BENEFITS BY SELLERS AS CONTEMPLATED BY APPLICABLE LAWS; HOWEVER, CERTAIN RISKS EXIST.

10.3. BY EXECUTING THIS CONTRACT FOR SALE, BUYER AND SELLER ACKNOWLEDGE AND AGREE THAT BUYER AND SELLER ARE AWARE OF AND EXPRESSLY ACCEPT ALL RISKS ASSOCIATED WITH THE TRANSACTION(S) CONTEMPLATED HEREIN.

10.4. BUYER AND SELLER ACKNOWLEDGE AND AGREE THAT VFG, ITS AGENTS, ATTORNEYS AND ASSIGNS MAKE NO REPRESENTATIONS OR WARRANTIES WHATSOEVER CONCERNING WHETHER A COURT OF LAW WOULD INTERPRET THE TRANSACTION(S) CONTEMPLATED HEREIN AS INVALID ASSIGNMENT(S), TRANSFER(S) OR ALIENATION OF BENEFITS, OR OTHERWISE DEEM THE TRANSACTION INVALID.

11. INDEMNIFICATION. SHOULD THE SELLER, IN ANY WAY, CAUSE THIS CONTRACT FOR SALE TO BE IN BREACH OR DEFAULT, SELLER CONSENTS AND AGREES TO INDEMNIFY AND HOLD HARMLESS THE BUYER FOR ALL EXPENSES THE BUYER OR ITS AGENTS AND ATTORNEY MAY REASONABLY INCUR TO ENFORCE THIS CONTRACT FOR SALE, INCLUDING BUT NOT LIMITED TO LEGAL EXPENSES AND TRANSACTIONAL FEES.

12. LIQUIDATED DAMAGES: IT IS ACKNOWLEDGED THAT THE BUYER IS RELYING UPON SELLER' INHERENT DUTY OF GOOD FAITH AND FAIR DEALING IN THE MAKING AND EXECUTION OF THIS CONTRACT. SELLER ALSO RECOGNIZES THAT FAILURE ON SELLER'S PART TO ABIDE BY THIS CONTRACT WILL CAUSE THE BUYER TO INCUR SUBSTANTIAL CONSEQUENTIAL AND ECONOMIC DAMAGES AND LOSSES OF TYPES AND IN AMOUNTS WHICH MAY IMPOSSIBLE TO COMPUTE AND ASCERTAIN WITH CERTAINTY AS A BASIS FOR RECOVERY BY THE OWNER OF ACTUAL DAMAGES. ACCORDINGLY, LIQUIDATED DAMAGES REPRESENT A FAIR, REASONABLE AND APPROPRIATE REMEDY FOR SAID DAMAGES. SELLER AGREES THAT LIQUIDATED DAMAGES MAY BE ASSESSED AND RECOVERED BY THE BUYER AGAINST THE SELLER WITHOUT THE SELLER BEING REQUIRED TO PRESENT ANY EVIDENCE OF THE AMOUNT OR CHARACTER OF ACTUAL DAMAGES SUSTAINED BY REASON THEREOF. ACCORDINGLY, SELLER SHALL BE LIABLE TO THE BUYER FOR PAYMENT OF LIQUIDATED DAMAGES IN THE AMOUNT DOUBLE THE INCOME STREAM PAYMENT FOR EACH INCOME STREAM PAYMENT THAT SELLER MISDIRECTS OR PREVENTS BUYER FROM RECEIVING. SUCH LIQUIDATED DAMAGES ARE INTENDED TO REPRESENT ESTIMATED ACTUAL DAMAGES AND ARE NOT INTENDED AS A PENALTY.

13. REMEDIES. BY SIGNING BELOW, BOTH PARTIES CONSENT AND AGREE THAT THE APPROPRIATE REMEDY FOR ANY BREACH OF THIS CONTRACT FOR SALE IS AND SHALL BE SPECIFIC PERFORMANCE, IN ADDITION TO ANY OTHER AVAILABLE LEGAL OR EQUITABLE REMEDIES AND THAT SUCH REMEDIES SHALL BE GRANTED BY ANY COURT OF LAW IN THE FORUM STATE. SUCH A REMEDY SHALL BE GRANTED THAT PLACES BOTH PARTIES IN THE EXACT POSITION THE PARTIES INTENDED TO BE IN BY MAKING THIS BARGAIN.

**14. SELLER AGREES THAT DURING ANY PERIOD OF DISPUTE BETWEEN THE PARTIES TO THIS AGREEMENT OVER ANY TERMS IN THIS CONTRACT, THAT A HOLDING ACCOUNT SHALL BE ESTABLISHED BY THE ESCROW COMPANY WHEREBY THE ASSET IN DISPUTE SHALL BE DEPOSITED AND KEPT UNTIL SUCH TIME AS THE DISPUTE IS RESOLVED.**

15. The parties agree that the failure of any party to enforce or exercise any right, condition, term, or provision of this agreement shall not be construed as or deemed a relinquishment or waiver thereof, and the same shall continue in full force and effect.

16. This agreement shall permitted to be executed in several parts and a facsimile of this agreement shall be considered as valid as the original.

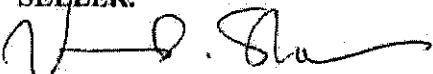
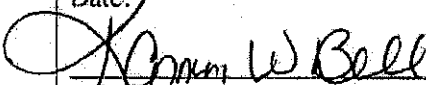
17. Governing Law. This Purchase Assistance Agreement and all other parts of this transaction shall be construed according to the laws of the State of South Carolina, without regard to choice of law principles.



18. Venue. The purchaser agrees to venue for any proceeding to enforce this agreement to be in the Court of Common Pleas in Greenville County, South Carolina.

19. Class Action Waiver. Any litigation based upon this agreement shall proceed solely on an individual basis without the right for any claims to be litigated on a class action basis or on bases involving claims brought in a purported representative capacity on behalf of others. Buyer and Seller each agree that his/her claims, if any, may not be joined or consolidated unless agreed to in writing by all parties. Furthermore, no verdict will have any preclusive effect as to issues or claims in any dispute with anyone who is not a named party to this contract.

IN WITNESS WHEREOF, the parties have executed this Contract for Sale as of the Effective Date.



<b>SELLER:</b>  _____ Signature  Vincent D. Shelton _____ Print Name  9-19-12 _____ Date:  _____ Witness	<b>BUYER: (If an Individual):</b>  Winnie N. Welborn Trust, Deidre W. Francis TTEE _____ Print Name(s)  _____ Signature(s) of Buyer  _____ Signature of Co-Buyer (if applicable)  _____ Date  _____ Witness  <b>If an Entity:</b>  _____ Name of Entity  By: _____ (Signature)  Name: _____ (Printed name)  Title: _____  Date: _____  _____ Witness
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<b>SELLER:</b>	<b>BUYER: (If an Individual):</b>
_____ Signature	Winnie N. Welborn Trust, Deidre W. Francis TTEE _____ Print Name(s)
Vincent D. Shelton _____ Print Name	 _____ Signature(s) of Buyer
_____ Date:	_____ Signature of Co-Buyer (if applicable)
_____ Witness	9-19-2012 _____ Date
	 _____ Witness
	<b>If an Entity:</b>
	_____ Name of Entity
	By: _____ (Signature)
	Name: _____ (Printed name)
	Title: _____
	Date: _____
	_____ Witness

**PURCHASE APPLICATION  
(FOR THE PURCHASE OF PAYMENTS)**

The "Payments" to be purchased pursuant to this Purchase Application are described as follows:

Provider/Obligor: <u>Dfas Pension</u>	Invoice Number: <u>VFG1374S</u>
Payment Period: <u>72</u>	Purchase Price: <u>\$57,480.36</u>
Start Date: <u>10/15/2012</u>	Aggregate Value: <u>\$72,000.00</u>
End Date: <u>09/15/2018</u>	Effective Rate of Return: <u>8%</u>
Payment Amount: <u>\$1000.00</u>	Distribution Channel: <u>Buttonwood</u>

**BUYER'S INFORMATION**

Social Security or EIN: ~~XXXXXXXXXX~~

Name\*: Winnie N. Welborn Trust, Deidre W. Francis TTEE

Mailing Address 2908 Cobbs Way, Anderson S.C. 29621

Phone Numbers: ~~XXXXXXXXXX~~

Email Address: ~~XXXXXXXXXX@GMAIL.COM~~

By initialing here, I confirm that the address above is the Buyer's current mailing address

**\*PLEASE BE ADVISED:** If the above referenced case is being held inside of a custodial IRA; please make sure the custodial IRA ACCOUNT is set up prior to submission to ensure proper titling. Here is an example of proper titling for purchases being held inside of a custodial IRA: (Name of Custodial IRA company) FBO (Clients Name).

**You MUST complete the Buyers information using the custodial IRA's information.**

A purchase of Payments is only suitable for persons who have the adequate financial means and who will not need immediate liquidity from this asset. There is no public market for this asset, and we cannot assure you that one will develop, which means that it may be difficult for you to sell your asset.

Buyer acknowledges and agrees that Transaction Assistance Team is not providing, and does not provide, any legal, tax, financial, or other advice of any nature and recommends that Buyer consults his/her own professional advisor(s).

Buyer acknowledges that certain administrative fees (the "Fees") shall be included in the Purchase Price in order to effect the required transfers.

Buyers who have a registered IRA, Keogh, or Qualified Pension Plan may be eligible to purchase this asset through one of their qualified accounts. Neither Transaction Assistance Team nor its affiliates or agents make any representations or assume any responsibility or liability to the account custodian, participants, Buyers, or beneficiaries thereof as to the tax ramifications of any such purchase, the suitability or eligibility of such purchase under the respective qualified account or plan, or that such purchase comports with Internal Revenue Service or other governmental rules and regulations pertaining to such accounts thereunder. A separate Direction of Investment form or similar documentation from the IRA Custodian is required for purchase through these types of accounts.

**LIFE CONTINGENCY**

I understand that the purchase of Payments, which may be life contingent, requires the Seller to acquire a life insurance policy on the Seller, to be collaterally assigned to the Buyer to secure the Payments. To that end, I understand that there are different methods of paying the life insurance premiums. Among those methods are: (1) allowing Transaction Assistance Team to facilitate the payments of premiums using an escrow company of Transaction Assistance Team's choice to hold the full amount of the premiums and ensure

the payments are made, or by any other method that Transaction Assistance Team sees fit to use including purchasing a Single Premium Immediate Annuity for the policy, and (2) allowing the Seller to maintain the premiums.

Please carefully read the following and check the appropriate box below:

☒ By initialing this box I am requiring payment of the premiums on the collaterally assigned life insurance policy to be facilitated by Transaction Assistance Team and serviced by the escrow company. I understand that the cost directly related to this service must be determined on a case by case basis and may reduce the rate at which this purchase takes place.

☐ By initialing this box, I am knowingly declining to have the insurance premiums facilitated by Transaction Assistance Team through an escrow company and relying on the Seller to pay the life insurance premiums and keep the policy in effect. In the event the Seller allows the policy to lapse, the Buyer will be solely responsible for the contractual obligations related to this breach.

### TWO-YEAR CONTESTABILITY WRAPPER

I understand that a purchase of Payments, which may be life contingent, requires Seller to acquire a life insurance policy on the Seller, to be collaterally assigned to the Buyer to secure the Payments. To that end, I understand that newly issued life insurance policies provide for a two (2) year contestability period in which the insurance company may deny a claim on the basis of the insured's intent to defraud the insurance company through the suicide of the insured within the first two years of the policy's effective date. To remove this risk, Transaction Assistance Team has made available for purchase, through Lloyd's of London, an insurance wrapper which covers that risk for this two-year contestability period.

☒ By initialing this box, I am opting to purchase the two-year contestability wrapper for the current rate at the time of this purchase application. This price will be communicated to the Buyer before the two-year wrapper is purchased so that the Buyer may make an informed decision.

☐ By initialing this box, I am knowingly declining the two-year contestability wrapper which exposes this purchase to the risk mentioned above.

Buyer Signature: Deirdre W. Francis Witness Signature: [Signature]  
Print Name: Winnie N. Welborn Trust, Deirdre W. Francis TTEE Print Name: Candym. Kern - Filler  
Date: 9-19-2012 Date: 9/19/2012

[Signature]  
Agent Sign

Susan G. Lockwood  
Agent Print Name

## SECURITY AGREEMENT

The undersigned Vincent D. Shelton,  
("Seller/Debtor"), of 9303 Haywain Ct. Charlotte, NC 28213 (*Seller/Debtor's Address for notice*), hereby agrees and grants to and in favor of Winnie N. Wolbom Trust, Daidie W. Francis TRST OF 2908 Cobbs Way, Anderson S.C. 29621 (*Secured Party's Address for Notice*), security interest as follows:

1. In consideration of advances by the Secured Party to Seller/Debtor, directly or indirectly, as principal, guarantor or otherwise, Seller/Debtor hereby grants and assigns to Secured Party a continuing security interest in, lien upon, and a right of set-off against, all of Seller/Debtor's right, title, and interest in and to the Collateral referred to in Paragraph 2 and defined in "Exhibit A" hereof, to secure the prompt payment, performance, and observance of all indebtedness, obligations, liabilities, and agreements of any kind of Seller/Debtor to the Secured Party, however evidenced, arising under or in connection with the Agreement executed by Seller/Debtor in the principal amount of \$ 1,000.00 monthly for a term in accordance with the Agreement which is incorporated herein by reference and attached as "Exhibit B," and the prompt performance and observance of all other obligations of Seller/Debtor to Secured Party. (All of the foregoing being herein referred to as the "Obligations").

2. The "Collateral" is defined as an account receivable, more fully described in Exhibit "A" hereto. By these premises Seller/Debtor agrees and consents to the pledge of the Collateral as security for the Agreement.

3. Seller/Debtor warrants, represents and covenants that:

- (a) the state, or commonwealth, where Seller/Debtor resides and the books and records relating to the Collateral is, North Carolina;
- (b) except for those in favor of Secured Party, the Collateral is now, and at all times will be, will be subject to the right of Seller/Debtor to receive free and clear of all liens, security interests, claims, and encumbrances except as otherwise authorized in this Security Document.
- (c) the Seller/Debtor will not assign, sell, lease, transfer, or otherwise dispose of or abandon, nor will Seller/Debtor suffer or permit any of the same to occur with respect to, the Collateral, and the inclusion of "proceeds" of the Collateral under the security interest granted herein shall not be deemed a consent by Secured Party to any sale or other disposition of any Collateral;
- (d) at any time and from time to time, Seller/Debtor at its sole cost and expense will execute and deliver to Secured Party such financing statements pursuant to the Uniform Commercial Code ("UCC") as enacted in the state, or commonwealth, of North Carolina (*Seller/Debtor's State*), applications for certificate of title and other papers, documents, or instruments as may be reasonably requested by Secured Party in connection with this Security Agreement and to the extent permitted by applicable law, the Seller/Debtor hereby authorizes Secured Party to execute and file at any time and from time to time one or more financing statements, including a UCC-1;
- (e) Seller/Debtor assumes all responsibility and liability arising from the use, by Seller/Debtor, of the Collateral;
- (f) after the occurrence and during the continuation of a Default, any proceeds of the Collateral received by the Seller/Debtor shall not be commingled with other property of the Seller/Debtor, but shall be segregated, held by the Seller/Debtor in trust for Secured Party, and immediately delivered to Secured Party in the form received, duly endorsed in blank where appropriate to effectuate the provisions hereof, the same to be held by Secured Party as additional Collateral hereunder or, at Secured Party's option, to be applied to payment of the

obligations, whether or not due and in any order.

4. For purposes of this Security Agreement, "Default" shall be defined herein as, but not limited to:

- (a) the failure of Seller/Debtor, whether willful or not, to comply with any covenant, affirmative or negative, securing the Agreement to Secured Party;
- (b) interference with, interruption of, or diminishment of, or allowing or causing any third party to interfere with, interrupt, or diminish, the cash flow as designated in the Agreement to the Secured Party, unless specifically authorized by Secured Party in writing;
- (c) or any other default under any such other documents.

5. After the occurrence and during the continuation of any Default, Secured Party shall have the following rights and remedies (to the extent permitted by applicable law) in addition to all rights and remedies of a secured party under the UCC or otherwise (whether at law or in equity), all such rights and remedies being cumulative, not exclusive and enforceable alternatively, successively or concurrently:

- (a) Secured Party may, with or without judicial process or the aid and assistance of others to the extent permitted by applicable law,
  - (i) require Seller/Debtor to assemble and make available to Secured Party at the expense of the Seller/Debtor, any part or all of the Collateral.
  - (ii) remove any part or all of the Collateral from any account or premises for the purpose of disposition thereof.
- (b) Secured Party may at any time and from time to time during the continuance of a Default, appropriate, set off and apply to the payment of the Obligations, any Collateral in or coming into the possession of Secured Party without notice to Seller/Debtor and in such manner as Secured Party may in its discretion determine.

6. Seller/Debtor hereby designates and appoints Secured Party and each of its designees or agents as attorneys-in-fact of the Seller/Debtor, irrevocably and with power of substitution, with authority, after the occurrence and during the continuation of a Default, and upon reasonable notice to Seller/Debtor of the existence of such Default, to adjust and compromise any claims under insurance policies or otherwise. All acts done under the foregoing authorization (except those which constitute gross negligence or willful misconduct by Secured Party) are hereby ratified and approved, and neither Secured Party, nor any designee or agent thereof, shall be liable for any acts of commission or omission, for any error of judgment or for any mistake of fact or law except for any of the foregoing arising solely from the gross negligence or willful misconduct of Secured Party. This power of attorney being coupled with an interest is irrevocable while any Obligations shall remain unpaid and shall terminate upon all Obligations being satisfied.

7. Seller/Debtor hereby releases Secured Party from any claims, causes of action and demands at any time arising out of or with respect to this Security Agreement, the Collateral and its use and/or any actions taken or omitted to be taken by Secured Party with respect thereto other than those arising solely from the gross negligence or willful misconduct of Secured Party, and Seller/Debtor hereby agrees to hold Secured Party harmless from and with respect to any and all such claims, causes of action and demands.

8. Secured Party's prior recourse to any Collateral shall not constitute a condition of any demand, suit or proceeding for payment or collection of the Obligations nor shall any demand, suit or proceeding for payment or collection on the Obligation constitute a condition of any recourse by Secured Party to the Collateral. Any suit or proceeding by Secured Party to recover under the Obligation shall not be deemed a waiver of or bar against subsequent proceedings by Secured Party with respect to any other outstanding Obligations and/or with respect to the Collateral. No act, omission or delay by Secured Party

shall constitute a waiver of its rights and remedies hereunder or otherwise. No single or partial waiver by Secured Party of any covenant, warranty, representation, Default or right or remedy which it may have shall operate as a waiver of any other covenant, warranty, representation, Default, right or remedy or of the same covenant, warranty, representation, Default, right or remedy on a future occasion. Seller/Debtor hereby waives presentment, notice of dishonor and protest of all instruments included in or evidencing any Obligations or Collateral, and all other notices and demands whatsoever (except as may be expressly provided herein).

9. The Seller/Debtor hereby irrevocably consents to the jurisdiction of the courts of the State of South Carolina and of any state or federal court located in such state in connection with any action or proceeding arising out of or relating to this Security Agreement or the Collateral, or any document or instrument delivered with respect to the Obligation. Seller/Debtor waives the defenses of forum nonconveniens and improper venue. Seller/Debtor hereby waives personal service of any process in connection with any such action or proceeding and agrees that the service thereof may be made by certified or registered mail directed to Seller/Debtor at the personal residence of Seller/Debtor set forth in this Security Agreement.

10. Upon the performance by Seller/Debtor in full of its entire Obligation, the security interest created hereunder shall terminate and all rights to the Collateral shall revert to Seller/Debtor.

11. All terms herein shall have the meanings as defined in the UCC, unless the context otherwise requires. No provision hereof shall be modified, altered, waived, released, terminated or limited except by a written instrument expressly referring to this Security Agreement and to such provision, and executed by the party to be charged. The execution and delivery of this Security Agreement has been authorized by Seller/Debtor. This Security Agreement and the Obligations shall be governed in all respects by the laws of the State of South Carolina applicable to contracts executed and to be performed in such state. If any term of this Security Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby. Seller/Debtor acknowledges receipt of a copy of this Security Agreement.

**THIS SECURITY AGREEMENT** is in addition to, and not in lieu, replacement, or substitution of, any and all prior agreements from Seller/Debtor to Secured Party.

IN WITNESS WHEREOF, the undersigned has executed or caused this Security Agreement to be executed as of the date first above set forth.

SELLER/DEBTOR: Vincent D. Shelton

(Print Name)

SIGNED: V D Shelton

(Signature of Seller/Debtor)

WITNESSED: Sarah M. Carr

(Signature of Witness)

ACKNOWLEDGMENT

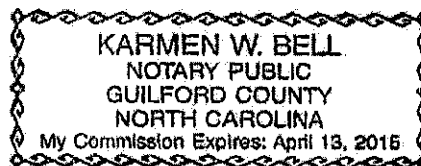
STATE/Commonwealth of NC

COUNTY/TOWNSHIP OF Mecklenburg

BE IT REMEMBERED that on this day came before me, the undersigned Notary Public, within and for the County and State aforesaid, duly commissioned, qualified and acting, Vincent Shelton, who acknowledged that he/she is the Seller/Debtor of this Security Agreement, duly authorized in his/her respective capacity to execute the foregoing instrument, and further stated and acknowledged that he/she has so signed, executed, and delivered said foregoing instrument for the consideration, uses, and purposes therein mentioned and set forth.

DATED this 19 day of September, 2012.

Karmen W. Bell  
Notary Public for Guilford County  
My Commission Expires: April 13, 2015  
Page 3 of 3





# UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

Candy Kern-Fuller (864)855-3114

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Upstate Law Group  
200 E. Main Street  
Easley, S.C. 29640

candy@upstatelawgroup.com

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME

OR

1b. INDIVIDUAL'S LAST NAME

Shelton

FIRST NAME

Vincent

MIDDLE NAME

Darnell

SUFFIX

1c. MAILING ADDRESS

9303 Haywain Court

CITY

Charlotte

STATE

NC

POSTAL CODE

28213

COUNTRY

1d. TAX ID #: SSN OR EIN

ADD'L INFO RE  
ORGANIZATION  
DEBTOR

1e. TYPE OF ORGANIZATION

1f. JURISDICTION OF ORGANIZATION

1g. ORGANIZATIONAL ID #, if any

☐ NONE

Do Not Provide

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

2c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

2d. TAX ID #: SSN OR EIN

ADD'L INFO RE  
ORGANIZATION  
DEBTOR

2e. TYPE OF ORGANIZATION

2f. JURISDICTION OF ORGANIZATION

2g. ORGANIZATIONAL ID #, if any

☐ NONE

Do Not Provide

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME

Winnie Welborn Trust, Deirdre W. Francis Trustee

OR

3b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

3c. MAILING ADDRESS

2908 Cobb's Way

CITY

Anderson

STATE

SC

POSTAL CODE

29621

COUNTRY

4. This FINANCING STATEMENT covers the following collateral:

Accounts Receivable pursuant to contract dated 09/19/2012 and security agreement dated the same day. Reference VFG case #1374.

5. ALTERNATIVE DESIGNATION (if applicable): ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING  
6. ☐ This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable). 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional) ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2  
8. OPTIONAL FILER REFERENCE DATA